



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE
AUDITOR-CONTROLLER

MARIA M. OMS
CHIEF DEPUTY

June 8, 2009

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS
JOHN NAIMO
JUDI E. THOMAS

TO: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **LOS ANGELES URBAN LEAGUE, INC., SOUTH CENTRAL
CONTRACT REVIEW – A COMMUNITY AND SENIOR SERVICES
WORKFORCE INVESTMENT ACT PROGRAM PROVIDER – FISCAL
YEAR 2008-09**

We completed a program, fiscal and administrative contract compliance review of Los Angeles Urban League, Inc., South Central (Urban League – South Central or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) Program provider.

Background

CSS contracts with Urban League – South Central, a non-profit corporation, to provide and operate the WIA Adult and Dislocated Worker Programs. The WIA Adult and Dislocated Worker Programs assist individuals in obtaining employment, retaining their jobs and increasing their earnings. The types of services provided by Urban League – South Central include occupational skills training, job placement and career planning. Urban League – South Central is located in the Second District.

Urban League – South Central is compensated on a cost reimbursement basis and has a contract for \$1,124,470 for Fiscal Year (FY) 2008-09.

Purpose/Methodology

The purpose of our review was to determine whether Urban League – South Central complied with its contract terms and appropriately accounted for and spent WIA funds in

providing the services outlined in their County contract. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed Agency staff.

Results of Review

Urban League – South Central provided the program services to eligible participants. However, Urban League – South Central did not always comply with WIA and County contract requirements. For example:

- Urban League – South Central did not meet all the FY 2008-09 second quarter planned performance outcomes.
- Urban League – South Central did not report the participants' program activities on the Job Training Automation (JTA) system for five (25%) of the 20 participants sampled.
- Urban League – South Central's procurement policy did not require three documented price quotes for purchases over \$1,000 as required by WIA Directive D-DWA-00-037.

Subsequent to our review, Urban League – South Central updated the JTA system to accurately reflect the five participants' program activities and revised the Agency's procurement policies and procedures manuals to comply with WIA guidelines.

Details of our review, along with recommendations for corrective action, are attached.

Review of Report

We discussed our report with Urban League – South Central and CSS on March 9, 2009. In their attached response, Urban League – South Central concurred with our findings and recommendations.

We thank Urban League – South Central for their cooperation and assistance during this review. Please call me if you have any questions or your staff may contact Don Chadwick at (213) 253-0301.

WLW:MMO:JET:DC

Attachment

c: William T Fujioka, Chief Executive Officer
Cynthia D. Banks, Director, Department of Community and Senior Services
Trevor Ware, Chief Operation Officer, Los Angeles Urban League, Inc., South Central
Carl Ballton, Chairperson, Los Angeles Urban League, Inc., South Central
Public Information Office
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM
LOS ANGELES URBAN LEAGUE, INC. – SOUTH CENTRAL
FISCAL YEAR 2008-09**

ELIGIBILITY

Objective

Determine whether Los Angeles Urban League, Inc. – South Central (Urban League – South Central or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We reviewed the case files for 20 (17%) (10 adults and 10 dislocated workers) of the 120 participants that received services from July through November 2008 for documentation to confirm their eligibility for WIA services.

Results

All 20 participants sampled met the eligibility requirements for the WIA programs.

Recommendation

None.

BILLED SERVICES

Objective

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the participants received the billed services.

Verification

We reviewed the documentation contained in the case files for 20 (17%) participants that received services from July through November 2008.

Results

Urban League – South Central did not always comply with WIA guidelines. Specifically, Urban League – South Central did not:

- Report the participants' program activities on the Job Training Automation (JTA) system for five (25%) of the 20 participants sampled as required by WIA Directive

LACOD-WIA D908-38. The JTA system is used by the State of California Employment Development Department (EDD) and the Department of Labor to track WIA participant activities. A similar finding was also noted during the prior year's monitoring review. Subsequent to our review, the Agency updated the JTA system to accurately reflect the five participants' program activities.

- Complete the Individual Employment Plan (IEP) for one (5%) of 20 participants sampled as required by WIA Bulletin IB-DWA-00-008 SNB-004. Specifically, Urban League – South Central did not document the need for supportive services on the participant's IEP even though the Agency provided the participant with supportive services. The IEP is an on-going plan, jointly developed by the participant and the case manager that identifies the participants' employment goals, achievement objectives and the services needed to achieve their employment goals. Subsequent to our review, the Agency completed the participant's IEP as required.

Recommendations

Urban League – South Central management:

1. **Ensure staff accurately update the Job Training Automation system to reflect the participants' program activities.**
2. **Ensure staff complete the Individual Employment Plan as required.**

PERFORMANCE OUTCOMES

Objective

Determine whether Urban League – South Central met the planned performance outcomes as outlined in the County contract. The performance outcomes included measuring the number of participants that enrolled in the program, exited the program, completed training and/or gained employment.

Verification

We compared the Agency's Fiscal Year (FY) 2008-09 actual performance outcomes for the second quarter to the planned performance outcomes outlined in the FY 2008-09 County contract.

Results

Urban League – South Central did not meet all of their FY 2008-09 second quarter planned performance outcomes. Specifically, Urban League – South Central planned to have 47 adults exit the program, 4 adults complete training and 47 adults obtain employment by December 31, 2008. However, the Agency exited 32 (68%) adults, none of the adults completed training and 28 (60%) adults were employed.

In addition, Urban League – South Central planned to exit 28 dislocated workers, have 3 dislocated workers complete training and 28 dislocated workers obtain employment by December 31, 2008. However, the Agency exited 16 (57%) dislocated workers, trained 2 (67%) dislocated workers and placed 11 (39%) dislocated workers into employment.

Recommendation

3. Urban League – South Central management ensure that planned performance outcomes are met as required by the County contract.

CASH/REVENUE**Objective**

Determine whether cash receipts and revenue are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's bank activity for October 2008.

Results

Urban League – South Central maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

Recommendation

None.

EXPENDITURES/PROCUREMENT**Objective**

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and reviewed documentation to support 20 non-payroll expenditure transactions billed by the Agency for July and September 2008, totaling \$12,612.

Results

Urban League – South Central's expenditures were allowable, accurately billed and supported by documentation as required.

Recommendation

None.

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE**Objective**

Determine whether the Agency maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

Results

Generally, Urban League – South Central maintained sufficient internal controls over its business operations. However, Urban League – South Central did not always comply with WIA and County contract requirements. Specifically:

- Urban League – South Central's personnel policies and procedures manual did not include a policy on Child/Elder Abuse Prevention Reporting as required by Part II, Section 9.1 of the County contract.
- Urban League – South Central's procurement policy did not require three documented price quotes for purchases over \$1,000 as required by WIA Directive D-DWA-00-037. Specifically, the Agency's procurement policy only required two documented price quotes for purchases over \$5,000.

Similar findings were also noted during the prior years' monitoring reviews.

Subsequent to our review, Urban League – South Central revised the Agency's procurement and personnel policies and procedures manuals to comply with WIA and County contract requirements.

Recommendations**Urban League – South Central management:**

4. **Ensure the Agency's personnel policies and procedures manual is in compliance with the County contract and distributed to personnel.**
5. **Ensure the Agency's procurement policies and procedures manual is in compliance with regulatory guidelines and distributed to staff.**

FIXED ASSETS AND EQUIPMENT**Objective**

Determine whether Urban League – South Central's fixed assets and equipment purchases made with WIA funds are used for the WIA programs and are safeguarded.

Verification

We interviewed Agency personnel and reviewed the Agency's fixed assets and equipment inventory listing. In addition, we performed an inventory and reviewed the usage of ten items purchased with WIA funds, totaling \$17,768.

Results

Urban League – South Central used the equipment purchased with WIA funds for the WIA programs and the assets were safeguarded.

Recommendation

None.

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll expenditures were appropriately charged to the WIA programs. In addition, determine whether the Agency obtained criminal record clearances and verified employability for the employees assigned to the WIA programs.

Verification

We traced the payroll expenditures invoiced for 14 employees totaling \$49,160 for September 2008 to the Agency's payroll records and time reports. We also interviewed one staff member and reviewed the personnel files for five employees assigned to the WIA programs.

Results

Urban League – South Central appropriately charged payroll expenditures to the WIA programs. In addition, the Agency obtained criminal record clearances and verified employability for the five employees sampled.

Recommendation

None.

COST ALLOCATION PLAN**Objective**

Determine whether Urban League – South Central's Cost Allocation Plan was prepared in compliance with the County contract and the Agency used the Plan to appropriately allocate shared program expenditures.

Verification

We reviewed the Agency's Cost Allocation Plan and a sample of expenditures incurred by the Agency in July and September 2008 to ensure that the expenditures were properly allocated to the Agency's programs.

Results

Urban League – South Central's Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.

Recommendation

None.

CLOSE-OUT REVIEW**Objective**

Determine whether the Agency's FY 2007-08 final close-out invoices for the WIA Adult and Dislocated Worker programs reconciled to the Agency's financial accounting records.

Verification

We traced Urban League – South Central's FY 2007-08 general ledgers to the Agency's final close-out invoices for FY 2007-08. We also reviewed a sample of expenditures incurred in June 2008.

Results

Urban League – South Central's FY 2007-08 general ledgers reconciled to the Agency's final close-out invoices for FY 2007-08.

Recommendation

None.



Los Angeles Urban League

March 20, 2009

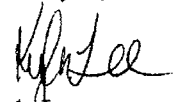
Wendy L. Watanabe, Auditor-Controller
Department of Auditor-Controller
Countywide Contract Monitoring Division
350 S. Figueroa Street, 8th Floor
Los Angeles, CA 90071
Attention: Yoon Bae

Subject: Response to Avalon fiscal and administrative contract compliance review
Fiscal Year (FY) 2008-09

Ms. Bae,

Attached are LAUL's responses to the draft audit findings letter recently received. If you have any questions regarding our responses please contact me directly for clarification.

Thank you,


Kyla Lee
Controller
Los Angeles Urban League

BOARD OFFICERS

Board Chairman
Carl Baltor

First Vice Chairman
Robert Jordan

Second Vice Chairman
Troy Jenkins

Treasurer
Brenda Ross-Oulan

Secretary
Carol Jackson

President
Blair H. Taylor

DIRECTORS

Darrell R. Brown
Reuben Cannon
Wesley Coleman
Clarence A. Daniels, Jr.
Jay Ferguson
Curtis I. Frain
Cecil House
Diana Ingram
David I. Jones
Roberta A. Jones
Donald Kincoy
Margot A. Kyd
Gail Lannoy
John Law
Tony Lee
Kaye C. Lindsey
Melvin D. Lindsey
Vincent A. Malcolm
George Mallory
Lovie A. Margolin
Timothy J. McCallion
Kevin McFarlane
Graciela Melbar
Kevin G. Murray
Debbie Pattilo
Rick Ramirez
Maxine Ransom von Phul
John M. Renfro
Christopher P. Reynolds
Timothy W. Robinson
Ed Rodriguez
Sandro E. Samuels
Dennis Shuler
Stuart A. Sharius
Nancy Shelton
Robert D. Taylor
George B. Thompson
Denita Willoughby

Billed Services/Client Verification

Recommendations:

1. Ensure that staff accurately updates the Job Training Automaton system to reflect the participants' program activities.
2. Ensure that staff complete the Individual Employment Plan as required

Management Response:

1. The MIS Manager will ensure the JTA system is updated to reflect participants' program activities on a monthly basis.
2. The Case Manager will complete the IEP's for each participant making certain to include documentation for all services provided.

Performance Outcomes

Recommendations:

3. Ensure that planned performance outcomes are met as required by the county Contract

Management Response:

3. The management team is confident the performance outcomes will be met by the end of the contract year.

Administrative Controls/Contract Compliance

Recommendations:

4. Ensure that the Agency's personnel policies and procedures manual are in compliance with the County contract and distributed to personnel.
5. Ensure that the Agency's procurement and policies and procedure manual is in compliance with regulatory guidelines and distributed to staff

Management Response:

4. Management has developed the Child/Elder Abuse policy which will be implemented and communicated to staff.
5. Management has updated the Agency's procurement policy and will ensure the process is followed by staff.